



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
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Second District

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Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

February 1, 2013

To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

WASHINGTON, D.C. UPDATE ON FEDERAL DEBT CEILING LEGISLATION

On February 1, 2013, the Senate passed H.R. 325, a bill which suspends the Federal debt ceiling through May 18, 2013, sending it to the President for his signature. The Obama Administration has indicated that the President will sign the bill into law though he prefers a larger, long-term debt ceiling increase. The Senate did not amend the bill, which was passed by the House on January 23, 2013.

In addition to suspending the Federal debt ceiling through May 18th, the bill provides that the current debt ceiling of roughly \$16.39 trillion will be increased on the following day to adjust for the debt accumulated as of that date. Without the suspension/increase in the debt ceiling, the Federal government would run out of its borrowing authority within a month, resulting in a default and inability to pay all of its expenses. The bill is entitled the "No Budget, No Pay Act of 2013," because it also provides that the salaries of members of either chamber of Congress will be withheld beginning on April 15, 2013 if that chamber does not pass a Federal Fiscal Year (FFY) 2014 budget resolution by that date. The salaries would not be paid until after the chamber passes a budget resolution or the last day of the 113th Congress in January 2015.

The debt ceiling issue was one of the major "fiscal cliff" issues, which were deferred to early this year from the previous 112th Congress when House Republicans had insisted that debt ceiling increases be financed by an equal amount of long-term budget cuts. The President's position has been that debt ceiling increases should not be tied to any budget cuts. The bill's "no budget, no pay" language is intended to pressure the Senate

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Each Supervisor
February 1, 2013
Page 2

to pass a budget resolution - something which it has not been done since 2009. If Congress were to pass a budget resolution with budget reconciliation instructions, it would improve the prospects for enacting entitlement spending and tax reforms, which House Republicans want. This is because entitlement spending and tax changes included in a budget reconciliation bill can be passed in the Senate with a simple majority since budget reconciliation legislation cannot be "filibustered," which would take a 60-vote majority to overcome.

We will continue to keep you advised.

WTF:RA
MR:MT:ma

c: All Department Heads
Legislative Strategist